

**Internal Revenue Service**

**Department of the Treasury**

Date: **FEB 06 2001**

Employer Identification Number:  
[REDACTED]

Form Number:  
[REDACTED]

Tax Years Ending:  
[REDACTED]

Person to Contact:  
[REDACTED]

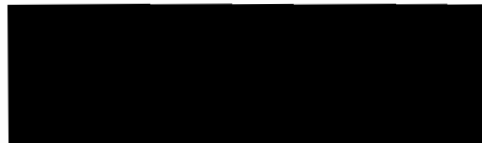
Contact Telephone Number:  
[REDACTED]

Contact Person ID#:  
[REDACTED]

90 Day Date:

**MAY 08 2001**

**CERTIFIED MAIL**



Dear Applicant:

This is a final adverse determination as to your exempt status under section 501(c)(3) of the Internal Revenue Code.

Our adverse determination was made for the following reason(s):

You have failed to establish that you are organized and operated exclusively for exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. You are organized and operated primarily to serve private interests rather than public interests. You are operated for the substantial nonexempt purpose of providing benefits to your members and furthering the social and recreational interests of your members which is inconsistent with exemption under section 501(c)(3) of the Internal Revenue Code.

Contributions to your organization are not deductible under Code section 170(c)(2).

You are required to file Federal income tax returns on the form indicated above. Based on the financial information you furnished, it appears that returns should be filed for the above years. Processing of income tax returns and assessment of any taxes due will not be delayed because you have filed a petition for declaratory judgment under Code section 7428.

Appeals SB/SE Area 3  
Baltimore Appeals Office  
31 Hopkins Plaza, Suite 1310  
Baltimore, MD 21201

Letter 1371

If you decide to contest this determination under the declaratory judgment provisions of Code section 7428, a petition to the United States Tax Court, the United States Court of Claims, or the District Court of the United States for the District of Columbia must be filed within 90 days from the date this determination was mailed to you. Contact the clerk of the appropriate court for rules for filing petitions for declaratory judgment.

We will notify the appropriate State officials of this action, as required by Code section 6104(c).

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours

A black rectangular box redacting the signature of the Team Manager, Appeals.

Team Manager, Appeals

Internal Revenue Service  
District Director

Department of the Treasury  
[REDACTED]

Date: **MAY 24 1999**

Person to Contact:  
[REDACTED]

Contact Telephone Number:  
[REDACTED]  
[REDACTED]

[REDACTED]

**CERTIFIED MAIL**

Dear Sir or Madam:

We have considered the information submitted in support of your application for recognition of exemption under section 501(c)(3) and have determined you do not qualify under this section. Our reasons for this conclusion and the facts on which it is based are explained below.

The evidence submitted indicates that [REDACTED] was incorporated under the laws of the State of [REDACTED] on [REDACTED].

Your specific and primary purposes for forming this corporation are:

- (a) For the advancement of education of [REDACTED] computer users and any other related or corresponding charitable purposes by the distribution of its funds for such purposes.
- (b) To promote a community of interest among [REDACTED] users in the [REDACTED] area.
- (c) To offer special interest group activity to [REDACTED] users in order to improve professional competence, educate, exchange ideas and provide new users an opportunity to improve their skills and knowledge.
- (d) To bring to the membership qualified experts, who will demonstrate new products, promote new concepts, and further the value of the [REDACTED] computer.
- (e) To provide interesting and entertaining experiences related to the [REDACTED] computer through contests, games, etc.
- (f) To hold other activities such as special seminars, social gatherings and fundraisers that benefits the membership and inspires fellowship.
- (g) To provide practical and technical support.
- (h) To keep the membership informed through a newsletter and at meetings about all items of interest to [REDACTED] users.

[REDACTED]

- [REDACTED]
- (i) To disburse all [REDACTED]'s funds in furtherance of the above purposes and in accordance with Section 501(c)(3) of the Internal Revenue Code of 1936.

Income is from annual dues, advertising, guests' fees, and table rental fees. Expenditures are for meetings, newsletter, computer equipment, web server, and member services.

Your activities consist of providing refurbished computer equipment to the public, monthly meetings, monthly newsletters, and Board of Directors meetings.

Membership is open to all persons with an interest in improving computer skills. Dues of \$[REDACTED] per year are collected from each member on the anniversary date of the initial membership application.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable, scientific, or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(c)(1) of the income tax regulations provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Regulations 1.501(c)(3)-1(d)(2)(ii) states that an organization must be engaged in activities furthering "public purposes rather than private interests." It must not be operated for the benefit of designated individuals or the persons who created it.

In Revenue Ruling 74-116, 1974-1 C.B. 127, an organization whose membership is limited to organizations that own, rent, or use a specific type of computer and whose activities are designed to keep members informed of current scientific and technical data of special interest to them as users of the computer is not exempt under section 501(c)(3) of the Code.

An organization will not qualify for exemption under section 501(c)(3) or any other section of the Code where it directs its activities to users of computers made by one manufacturer. By making specialized information available to its members under the circumstances described above, the organization is serving the private interest of its members rather than a public interest.

While some of your activities are educational, your main purpose is to provide an advantage to [REDACTED] by encouraging members to use the software and hardware made by this particular brand of equipment.

Moreover, it has been held that the presence of a single noncharitable or noneducational purpose, if substantial in nature, will preclude exemption under section 501(c)(3) regardless of the number of truly charitable or educational purposes. *Better Business Bureau v. U.S.*, 326 U.S. 279 (1945) CT.d 1650 C.B. 1945, 375.

Therefore, since you do not meet either the organizational or operational tests of section 501(c)(3) we have concluded that you do not qualify for exemption under this section. In accordance with this determination, you are required to file federal income tax returns on Form 1120.

[REDACTED]

Contributions to your organization are not deductible by donors under section 170D(2) of the Code.

In accordance with the provisions of section 6104D of the Code, a copy of this letter will be sent to the appropriate state officials.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, laws and any other information to support your position as explained in the enclosed Publication 892. You will be contacted to arrange a date for a conference. The conference may be held at the Regional Office, or if you request, at any mutually convenient district office. If we do not hear from you within 30 days from the date of this letter, this determination will become final.

If you do not protest this proposed determination in a timely manner, it will be considered as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Appeals submitted which do not contain all of the information required by Publication 892 will be returned for completion.

Sincerely yours,

[REDACTED]

[REDACTED]

District Director

Enclosures: Publication 892